



**Metro**

Los Angeles County  
Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

213.922.2000 Tel  
metro.net

**JULY 26, 2016**

**TO: BOARD OF DIRECTORS**

**THROUGH: PHILLIP A. WASHINGTON**  
**CHIEF EXECUTIVE OFFICER**

**FROM: NALINI AHUJA**  
**CHIEF FINANCIAL OFFICER**

**SUBJECT: MEASURE R OVERSIGHT COMMITTEE MEETING PROCEEDINGS-  
PROPOSED \$600 MILLION DEBT FINANCING**

**ISSUE**

In accordance with Section 8(i)4 of the Measure R Ordinance, the Measure R Independent Taxpayers Oversight Committee ("Oversight Committee") met on July 19, 2016 to consider finding that the benefits of a \$600 million long-term debt financing to accelerate Measure R projects and avoid future cost escalation, exceed issuance and interest costs. This report provides a summary of the Committee's proceedings.

**DISCUSSION**

Staff presented to the Oversight Committee an analysis showing that the benefits of issuing long-term fixed rate debt in the current low interest rate environment in order to accelerate project delivery and avoid future cost escalation, exceed interest and issuance costs. The proceeds of the financing will be used to pay capital project expenses and to replace short-term debt that was used to pay capital project expenses with permanent financing.

The Oversight Committee adopted a Resolution (Attachment A) finding that the benefits of the proposed \$600 million bond issuance secured with Measure R revenues to accelerate project delivery and avoid future cost escalation, exceed issuance and interest costs. The finding was approved by the Oversight Committee with a unanimous vote.

**NEXT STEPS**

Staff will seek Board authorization for the long-term bond sale at an upcoming meeting.

**ATTACHMENT**

- A. Measure R Oversight Committee Resolution – \$600 Million Debt Financing

**Finding of Benefit Resolution**

**RESOLUTION PURSUANT TO MEASURE R ORDINANCE FINDING THAT THE  
BENEFITS OF A MEASURE R BOND ISSUANCE EXCEED ISSUANCE AND  
INTEREST COSTS**

**WHEREAS, the Measure R Ordinance provides sales tax revenues for the construction of 12 transit capital projects over 30 years; and**

**WHEREAS, accelerated construction would avoid inflationary cost growth; and**

**WHEREAS, the proposed \$600 million debt financing would provide additional funds to meet the cash flow necessary to pay for an accelerated construction program for Measure R transit capital projects ; and**

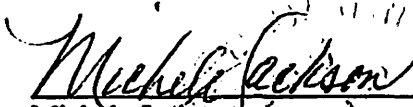
**WHEREAS, the Measure R transit capital projects are estimated to generate more than 77 million additional annual transit boardings; 568,458 fewer pounds of reactive organic gases, nitrous oxides, carbon monoxide and particulate matter; 207,942,017 less vehicle miles traveled annually; and 10,294,159 fewer gallons of gasoline consumed annually; and**

**WHEREAS, the Los Angeles Economic Development Corporation estimates that the Measure R transit construction program has generated 49,850 annual full-time and part-time jobs since 2010; and is expected to generate 124,030 annual full-time and part-time jobs during the remaining construction program.**

**NOW, THEREFORE, the Proposition R Independent Taxpayers Oversight Committee of Metro finds that the economic, environmental and transit benefits of the \$600 million debt financing, which would accelerate project delivery and avoid inflationary cost growth, exceed issuance and interest costs.**

**Adopted this 19<sup>th</sup> day of July, 2016**

**Signed:**

  
Michele Jackson  
LACMTA Board Secretary

